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Report Highlights:

* Canada's Agricultural Exporters Enthusiastic About Trade Talks With the EU * Cattlemen Hopeful Potential EU Trade Deal May Transform Export Opportunities for Canadian Beef * Canada's Provincial Trade Barriers and Protectionist Measures Cited by European Ambassadors to Canada * Food Fortification Regulations Delayed Say Reports * Limited Cull Eases Overcrowding at Quarantined Alberta Pig Farm

General Information:

CANADA'S AGRICULTURAL EXPORTERS ENTHUSIASTIC ABOUT TRADE TALKS WITH THE EU: Producer organizations, food processors, marketers and exporters from the major trade dependent sectors in Canadian agriculture are enthusiastic that Canada and the European Union (EU) will begin negotiating a new economic partnership agreement aimed at liberalizing trade (see *This Week in Canadian Agriculture* 5/1/2009). The Canadian Agri-food Trade Alliance (CAFTA), a coalition of national and regional organizations, associations and companies that support open and fair international trade, issued a press release saying that the Canada/EU

negotiations could signal significant new opportunities for Canadian agriculture. CAFTA President Darcy Davis said "The launch of these historic negotiations has the potential to open the door to significant new opportunities for Canada's agriculture and agri-food sector, which relies heavily on exports. With a population of 500 million, the EU could become an important market for Canadian agricultural products. "The stage has been set for discussions on both tariffs and non-tariff impediments to trade," Davis said. "In today's environment, we are pleased to see that Canada and the EU recognize that expanded trade can be a powerful stimulus of economic activity." While welcoming these bilateral trade negotiations, CAFTA stresses that multilateral negotiations provide the greatest opportunity for achieving more open trade in agriculture and agri-food. CAFTA encourages the Canadian government to continue seek progress in agricultural negotiations at the World Trade Organization (WTO).

CATTLEMEN HOPEFUL POTENTIAL EU TRADE DEAL MAY TRANSFORM EXPORT OPPORTUNITIES FOR CANADIAN BEEF: The Canadian Cattlemen's Association (CCA) believes Canada's efforts to strike a comprehensive free trade agreement with the European Union (EU) offers the potential to achieve the valuable diversification sought by Canadian producers for reducing reliance on North American markets. Brad Wildeman, CCA President, said "The EU offers the potential for the

largest market for Canadian beef. It's been about a half-million (metric) tons deficient in beef over the past couple of years, particularly with the expansion of the EU block. Canada has a real opportunity to capture this large, high volume market, with its big population of income earners that share a similar standard of living to Canadians."

CCA's Vice-President Travis Toews added that the EU consumes over 8 million tons of beef per year. "Currently Canada has virtually zero commercially-viable access to the EU, so it's difficult to quantify the tonnage that could end up in the EU with preferential access. Comment: Currently, Canadian beef exports to the EU are limited due to the EU ban on imports of Canadian beef from cattle treated with growth hormones.

CANADA'S PROVINCIAL TRADE BARRIERS AND PROTECTIONIST MEASURES CITED BY EUROPEAN AMBASSADORS TO CANADA: Following the recent launch of free trade negotiations between Canada and the European Union (EU), Canada's *National Post* newspaper published a story this week about how Canada's provincial trade barriers and certain trade protectionist measures are described by European officials as "cumbersome," and not conducive to business. According to the *National Post*, diplomats from Denmark, Poland, Slovenia and Latvia said that the barriers between Canada's provinces were greater than those between the countries of the EU. "To be very clear, we are not looking for agreements with provinces, we are looking for an agreement between the EU and Canada," said Poul E. D. Kristensen, Denmark's Ambassador to Canada, although he welcomed the participation of the provinces. He added: "We are not saying that only Canada has barriers. We do have fairly high tariffs on certain food products, fishery products, so it's not one way." Margens Krams, Latvia's Ambassador to Canada, said it was often difficult to develop business in Canada, citing the example of Latvia's vodka exporters, which have met with problems trying to introduce their product into the provincially-controlled liquor markets. "From the practical point of view, once an entrepreneur wants to sell something (in Canada), the business has to go to each province to fulfill the criteria that are in each particular province," Mr. Krams said. He said the negotiations would provide a good opportunity for Canada to take a closer look at internal trade and establish a freer single market. "I can't imagine any

agreement between Canada and the EU on let's say, cheese products," Piotr Ogrodzinski, Poland's Ambassador to Canada, said of the Canadian industry protected by high tariffs.

FOOD FORTIFICATION REGULATIONS DELAYED SAY REPORTS: A CTV news report says that long awaited amendments to Canada's Food and Drugs Regulations that would allow discretionary fortification of food with vitamins and mineral nutrients were scheduled to be published in the Canada Gazette at the end of March 2009, but that the announcement was unexpectedly delayed. The Canadian Medical Association Journal this week speculated that Health Minister Leona Aglukkaq halted publication of the regulatory proposal and ordered further review. The Journal said an unnamed Health Canada (HC) official said there continued to be a serious split within HC about the merits of discretionary fortification. Some food industry spokespersons believe the change would spur growth of the processed food industry and provide a health benefit for consumers, while critics, mostly dietitians, argue it could lead to increased consumption of junk food. The Food and Consumer Products of Canada, an industry association that represents many packaged and processed food manufacturers, argues that the introduction of fortified products would give consumers more opportunities to choose foods that could help them meet daily nutritional requirements. **COMMENT:** Strict Canadian rules on fortified food products at levels below accepted U.S. levels, such as breakfast cereals, restrict the U.S. marketing of fortified foods in Canada. In March of 2005, HC released a proposed policy and implementation plan for developing new food fortification regulations. The policy would give manufacturers the option to add vitamins and minerals to most foods (with some exceptions) at safe levels set by Health Canada. For a copy of the policy paper [click here](#).

LIMITED CULL EASES OVERCROWDING AT QUARANTINED ALBERTA PIG FARM: According to a press release from the Alberta Department of Agriculture and Rural Development, there was a limited cull of animals to ease overcrowding conditions at a quarantined central Alberta pig farm where 2009 Influenza A H1N1 virus was found to have infected a herd of 2,200 animals on April 28. The release stated that the action was not a disease-ordered cull but a decision made as a result of joint discussions between the producer, the Canadian Food Inspection Agency and federal and provincial animal health officials in the welfare of the herd. With the farm under quarantine the producer has been unable to ship animals to market. The culled pigs, about 500 head, will not enter the food chain. They will be safely disposed of after they have gone through the rendering process. The infected herd will reportedly be released from quarantine once veterinarians have determined that the H1N1 virus has run its course and all animals are healthy. **COMMENT:** Media stories covering H1N1 virus have declined sharply in recent weeks. Anecdotal information suggests that Canadian retail demand for pork items declined during the height of international news coverage of the flu outbreak. The pork industry has responded with radio advertisements and retail flyer specials on selected pork items. Last week, Canada's Minister of Agriculture and Gerry Ritz, U.S. Secretary of Agriculture Tom Vilsack, and Mexican Secretary of Agriculture, Alberto Cardenas issued a [joint statement](#) urging the international community not to use the outbreak of the H1N1 human influenza as a reason to create unnecessary trade restrictions and that decisions be made based on sound scientific information.

FAS OTTAWA GAIN REPORTS: FAS's Global Agricultural Trade Network (GAIN) system has been redesigned to incorporate many enhancements and improvements to foster more robust and timely reporting by FAS Attachés overseas. This new system will stand separate from the Legacy

GAIN System, which will continue to remain available [here](#). Reports released after 02/16/2009 can be found in the new system at the link below:
<http://gain.fas.usda.gov/Pages/Default.aspx>

Exchange Rate: Noon rate, May 14, 2009 (Bank of Canada): U.S. Dollar = C\$1.1727